



StanleyBlack&Decker

Stanley Black & Decker Investor Day
May 16, 2019

Financial Overview

Don Allan | Executive Vice President & CFO

Tariff Update

2019 April Guidance Assumption

- Section 301 List 1 & 2 @ 25% | List 3 @ 10%
- ~\$100M 2019 YoY Impact

Cumulative Annualized Tariff : ~\$150M

Escalate List 3 To 25%

- Section 301 List 1-3 @ 25% | Beginning 6/1
- Incremental ~\$50-\$60M For 2019

Cumulative Annualized Tariff : ~\$250-\$275M

Mitigating Actions

Initiate Pricing
Actions

Supply Chain Adjustments &
Pursue Exceptions

Margin Resiliency
Initiatives

If Tariffs Are Extended To All China Imports At 25% (List 4), Annualized Incremental Impact Of ~\$125-\$150M

Act With Speed & Agility To Offset Tariff Cost Increases

2019 Guidance

Reiterating All Guidance Points From Our 1Q'19 Earnings Call

Total Company

~ 4%

Organic Growth

\$8.50 – \$8.70

Earnings Per Share*

~85-90%

**Free Cash Flow
Conversion Rate**

*Assumes List 3 Tariffs At 25% Implemented
6/1 With Offsetting Price & Margin Actions*

Focused On Identifying & Implementing Mitigating Actions To Offset External Headwinds

A Global Leader With World Class Franchises

STANLEY BLACK & DECKER (NYSE: SWK)

2018 Revenue: \$14.0B

Market Cap: \$21.8B

Cash Dividend Yield: 1.8%

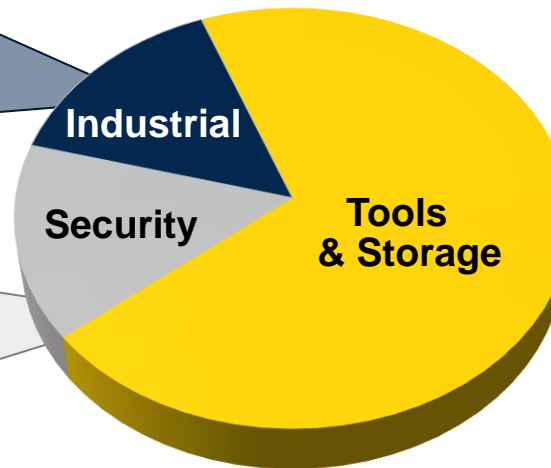
Dividend Paid Consecutively For 143 Years; Increased For Past 51 Consecutive Years

Industrial \$2.2B

- STANLEY Engineered Fastening
- Infrastructure

Security \$2.0B

- Commercial Electronic Security
- Mechanical Access



Tools & Storage \$9.8B

- Power Tools & Equipment
- Hand Tools, Accessories & Storage

Vision

Known For Innovation

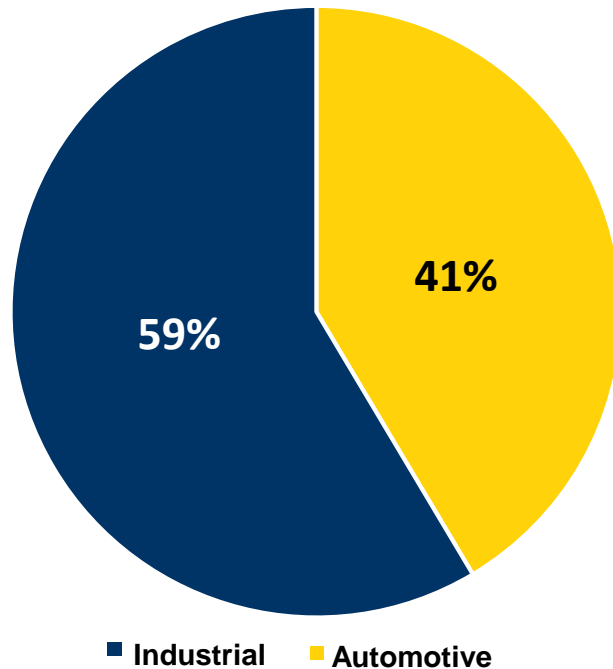
Continued Top Quartile Performance

Social Responsibility

Industrial Portfolio

Strong Portfolio Of Businesses With Attractive Growth Drivers...

Market Exposure*



Industrial Portfolio*

Engineered Fastening \$1.9B	Attachment Tools \$0.5B	Oil & Gas \$0.3B
<p><i>Provides Highly Engineered Solutions Driving Deep Customer Relationships</i></p> <p>STANLEY Engineered Fastening</p> <p>STANLEY Assembly Technologies</p>	<p><i>Leader In Specialized Attachments For Off-Road Construction Equipment</i></p> <p>LaBounty</p>	<p><i>A Niche Market Leader In Oil & Gas Infrastructure & Integrity Services</i></p> <p>2018 Business Mix</p> <p>■ Onshore ■ Offshore ■ Inspection</p>
<p><i>Further Diversifies Industrial End Markets</i></p> <p>NELSON</p>	<p><i>Broadens Offerings & Scale Of Attachment Tools Business</i></p> <p>PALADIN POWERFUL ATTACHMENT TOOLS</p> <p>PENGO</p>	

...Utilize M&A To Further Diversify End Market Exposure

Strategic & Financial Objectives

Strategic Framework

Continue Organic Growth Momentum

- Utilize SFS 2.0 As A Catalyst
- Mix Into Higher Growth, Higher Margin Businesses
- Increase SBD Weighting Of Emerging Markets (Goal = 20%+)

Be Selective And Operate In Markets Where

- Brand Is Meaningful
- Innovation Drives Definable & Sustainable Value Proposition
- Global Cost Leadership Is Achievable

Pursue Acquisitive Growth

- Build Upon Global Tools Platform
- Expand Industrial Platform (Engineered Fastening | Infrastructure)
- Commercial Electronic Security Acquisitions [*Pending Transformation*]

Our Long-Term Financial Goals

Revenue Growth

- ~4-6% Organic
- ~10-12% Total

Financial Performance

- ~10-12% EPS Growth*
- FCF \geq Net Income
- CFROI In 12-15% Range

Dividend

- Continued Growth

Credit Rating

- Strong Investment Grade

Key Themes: Sustain Above-Market Organic Growth And Margin Expansion

*7-9% Excluding Acquisitions | Excludes M&A Related Charges

Balance Sheet & Long-Term Capital Allocation Strategy

Maintain A Hybrid Model: A Company Focused On Growth...

Balance Sheet – 2018 Actual

Free Cash Flow (\$M)	\$769
Adjusted Debt/EBITDA*	2.3x
Adjusted Debt/Capital**	33%

Target ~2.0X Debt To EBITDA

SWK Credit Rating

S&P:	A
Moody's:	Baa1
Fitch:	A-

Remain Committed To Strong Investment Grade Credit Rating

Capital Allocation Strategy

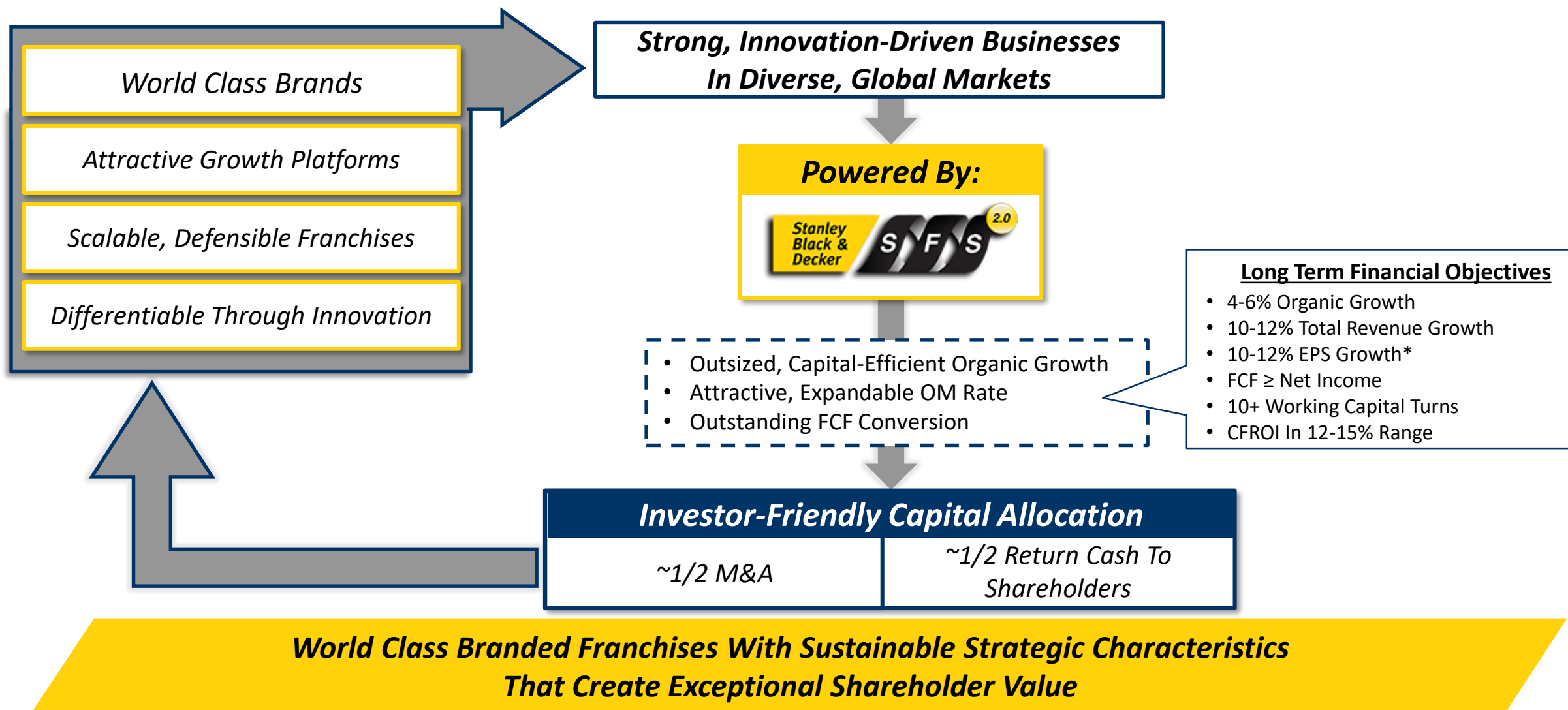
- Continue To Invest In Our Core Franchises | Capital Expenditures ~3.0-3.5% Of Net Sales
- Long-Term Capital Allocation Strategy Is To Return ~50% To Shareholders Through Dividends & Share Repurchases
- The Remaining 50% Of Excess Capital Will Be Deployed Towards Acquisitions

Dividend Policy

- Committed To Continued Dividend Growth
- Target Payout Ratio: 30-35%, Consistent With Peers

...That Returns Approximately 50% Of Its Free Cash Flow To Shareholders

Stanley Black & Decker Value Creation Model



Acquisitive Growth

Active Pipeline For Potential Acquisition Targets ...

Acquisition Criteria

- Strategic Fit
- Organizational Capacity
- Financial Evaluation
 - » Organic Growth & Profitability Consistent With Company Targets
 - » Accretive Year 1 Excluding Charges
 - » Achieve 12-15% CFROI, Consistent With Our Long-Term Financial Objectives
 - » Value Creation Opportunity > Share Repurchase

Acquisitive Growth Areas

Tool Industry Consolidation

Industrial Segment Expansion

Lawn & Garden

Commercial Electronic Security

Pending Transformation

Recent Acquisitions Progress



- Synergies, EPS Accretion & CFROI On Track To Year 3 Targets
- Achieved ~\$85M Of Total Cost Synergies
- Revenue Synergies Building | ~\$60M In 2018 & \$100M+ By Year 3



- On Track To \$1B Revenue Growth* By 2021, 6 Years Ahead Of Schedule
- Expect ~\$600M In Revenue Growth* By 2019
- CFROI Target To Be Achieved In 2021

...Acquisitions Remain An Important Element Of Growth Formula

Industrial Vision

Vision

*A \$3-\$4B Global Leader Of Highly Engineered, Application Based Solutions
Where Safety, Reliability & Productivity Are Critical*

Scalable, Defensible Platform Powered By



Engineering Capability With Leading Industrial Technologies

Customer-Trusted Brands

Recurring Revenue Or After-Market Potential

Global & Multi-Vertical Scale

Ability To Differentiate Through Innovation

Attractive Markets With Positive Long-Term Outlooks

Acquisition Focus

Bolt-On & Portfolio Enhancing Assets

Customer & Market Diversification

Product Line Expansion

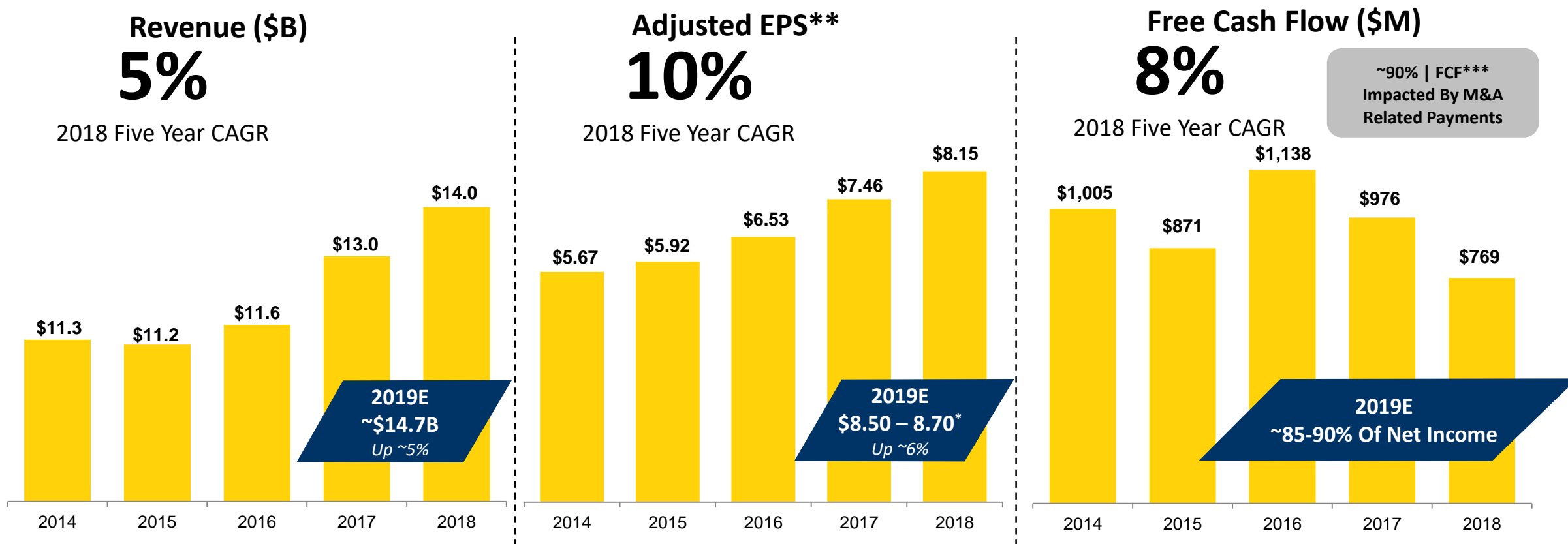
New Technologies

Opportunities For Growth Organically & Through Acquisition

Our Historical Performance...

Historical & Projected Performance

Created World Class Global Franchises...



...And Achieved Strong Growth Track Record, In-Line With Long-Term Financial Objectives

Cash Flow Return On Investment (CFROI)

Maintained Target Levels While Resuming M&A...

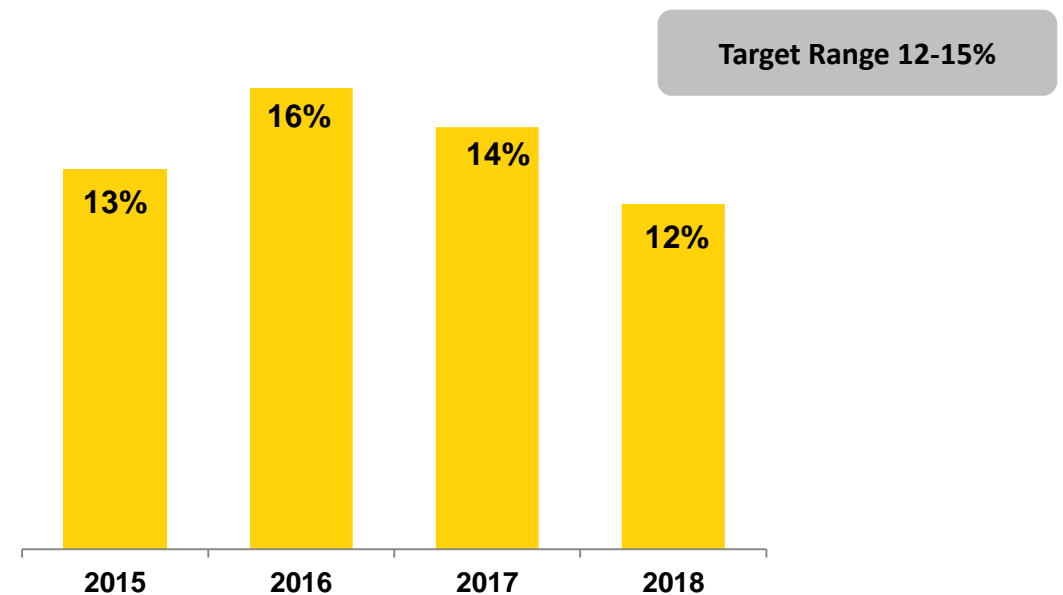
CFROI

Definition:

$$\frac{(\text{Cash From Operations} + \text{After Tax Interest Expense})}{2 \text{ Point Average Capital (Debt + Equity)}}$$

- Cash Based Measure Of Value Creation
- Ties Our Strategic Focus To Returns
- Included In Long-Term Compensation Program

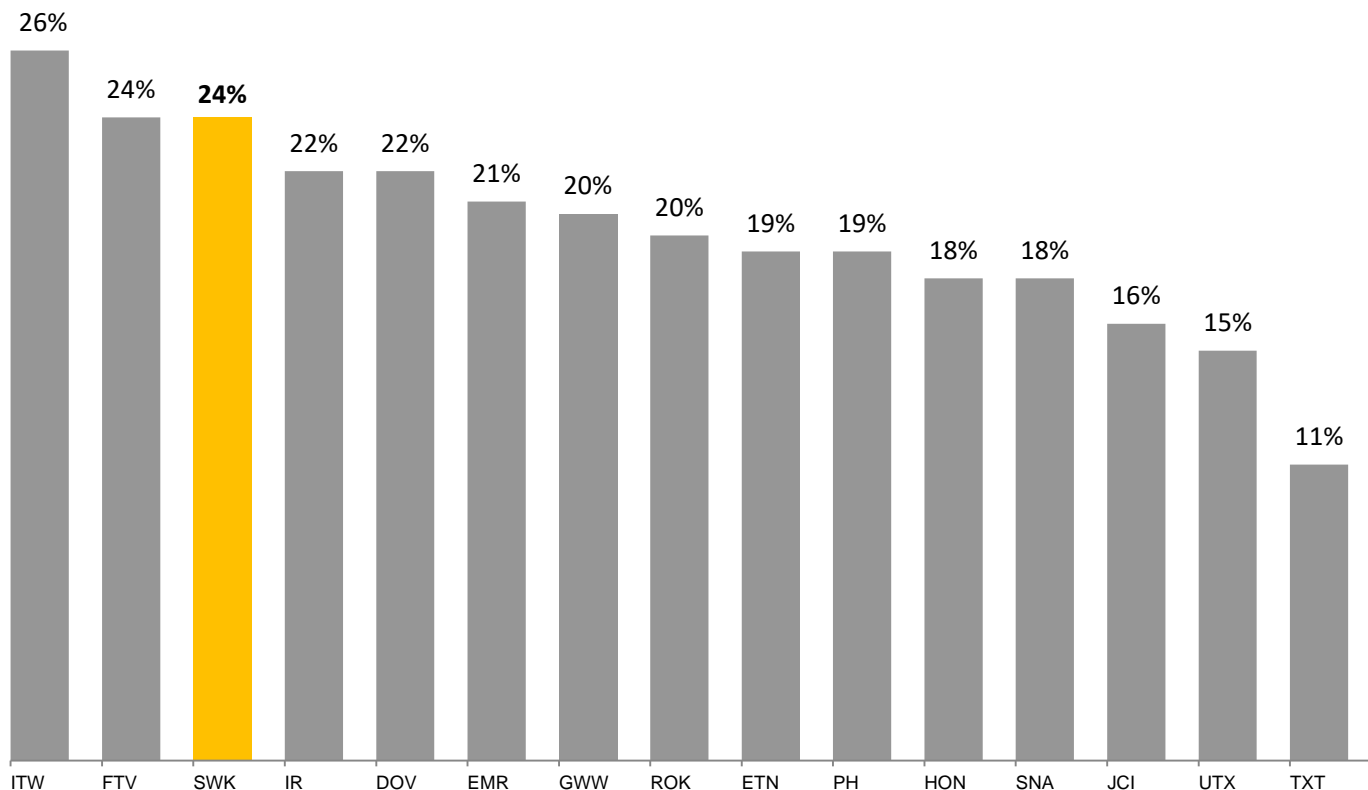
SWK CFROI Trend



...Focused On Building Long-Term Shareholder Value

Return On Operating Assets – Industrial Peers

SWK Asset Efficiency Drives Top Quartile Return...



Top Tier Asset Efficiency Performance






- SFS 2.0 & Industry 4.0 Supports Lower Working Capital Versus Peers
- Disciplined Capital Expenditures
- Efficient Management Of Cash Balances

Compelling OM% Expansion Opportunity

- Operating Leverage Focus
- Improve Security Margins
- Margin Resiliency Initiatives

...Opportunity To Improve Returns As We Expand Operating Margins

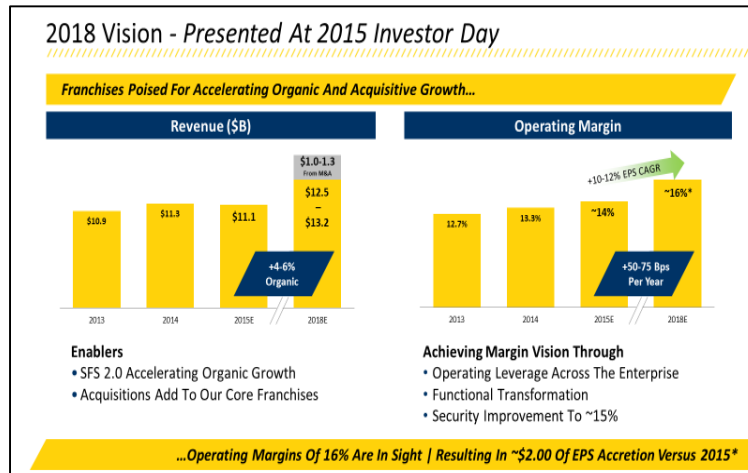
Long-Term Financial Objectives With 5 Year History

	Long-Term Target	5-Year Results	Performance
Revenue Growth	<ul style="list-style-type: none"> • 4-6% Organic • ~10-12% Total 	<ul style="list-style-type: none"> • 5% Average Organic • 5% CAGR Total 	 
Financial Performance	<ul style="list-style-type: none"> • 10-12% EPS Growth* • FCF ≥ Net Income • CFROI In 12-15% Range 	<ul style="list-style-type: none"> • 10% CAGR** • ~108% Avg. Conversion • 14% Avg. CFROI 	
Dividend	<ul style="list-style-type: none"> • Continued Growth 	<ul style="list-style-type: none"> • Up 30% • Increased Every Year 	
Credit Rating	<ul style="list-style-type: none"> • Strong Investment Grade 	<ul style="list-style-type: none"> • S&P: A • Moody's: Baa1 • Fitch: A- 	

Strong Performance Against Long-Term Financial Targets

3-Year Results Vs. 2018 Vision - Presented At 2015 Investor Day

Demonstrating Success Against 2015 3-Year Framework...



	3-Year Financial Targets	Results 2016-2018
Revenue	4-6% Organic Growth Total Growth Enhanced By Acquisitions	<ul style="list-style-type: none"> 5% Organic Growth 8% CAGR Total
Financial Performance	+50-75 Bps OM Rate Improvement* 10-12% EPS Growth** FCF ≥ Net Income Continued CFROI Expansion To 12-15% Progress Towards 10+ WCT	<ul style="list-style-type: none"> Impacted By ~\$0.5B Headwinds Before Offsetting Actions 11% EPS Growth CAGR* ~103% Avg. Conversion 14% Average CFROI Average 9.6 WCT
Dividend	Continued Growth	<ul style="list-style-type: none"> Up 21%
Credit Rating	Strong Investment Grade	<ul style="list-style-type: none"> S&P: A Moody's: Baa1 Fitch: A-

...Exceeded ~\$8.00 EPS Commitment Despite Divestitures & External Headwinds

What To Expect In The Next 3 Years...

Growth Catalysts Abound

Organic

CRAFTSMAN®

FLEXVOLT™

LENOX

IRWIN

Revenue Synergies

STANLEY

**STANLEY
FATMAX**

Emerging Markets

eCommerce

Inorganic



PALADIN™
POWERFUL ATTACHMENT TOOLS

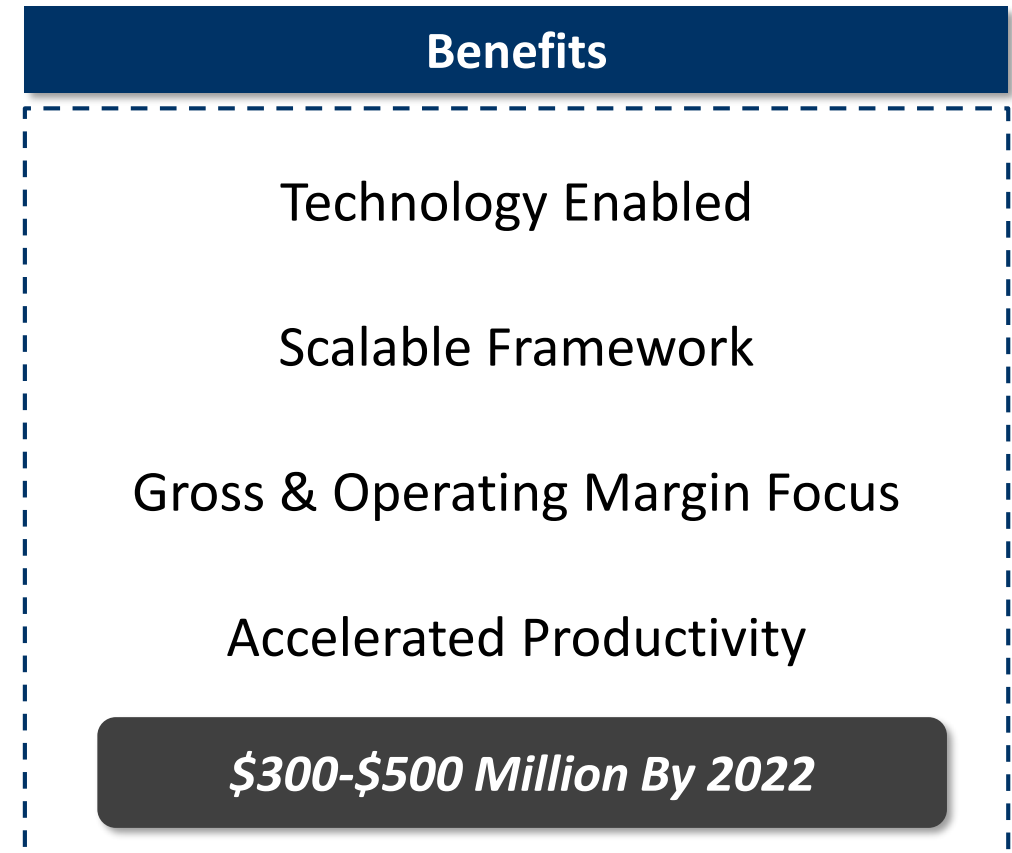
PENGO®

MTD
For A Growing World.™

Well Positioned For Continued Above Market Growth

A Focus On Margin Expansion

Focusing The Organization On Executing A Series Of Margin Resiliency Initiatives...



...Delivering 50+ Bps Of Annual Margin Rate Expansion Across A Multi-Year Period

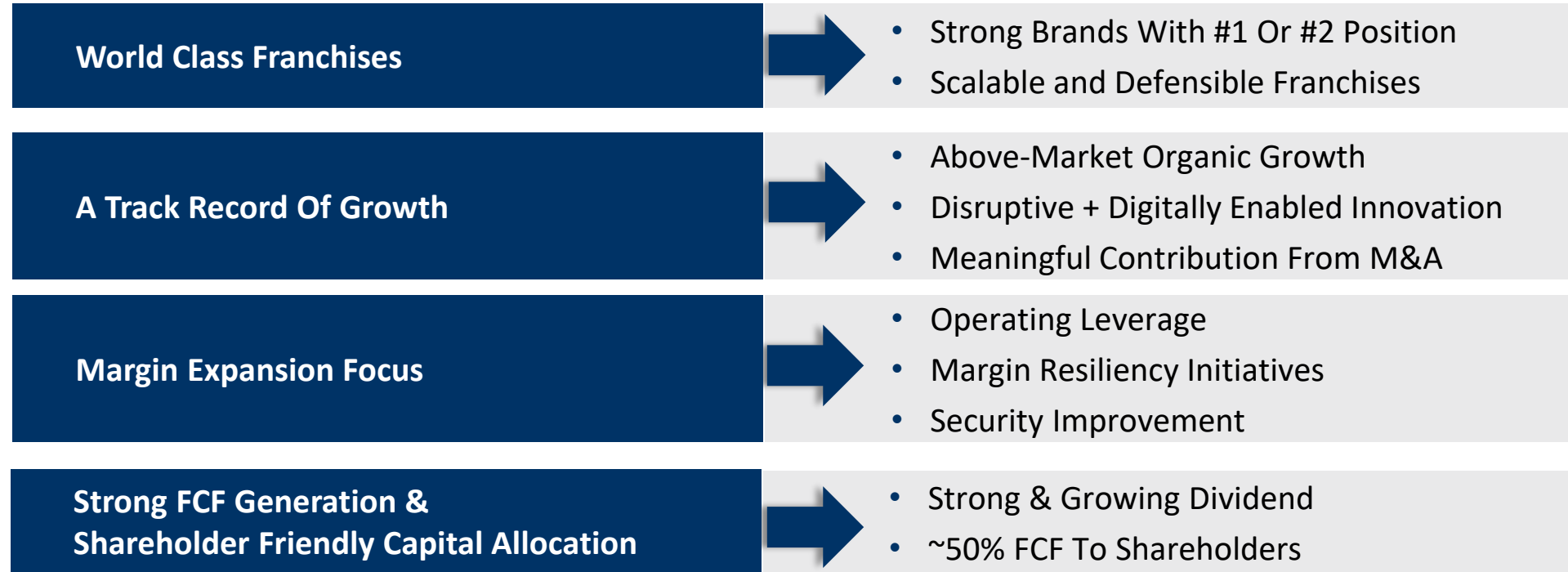
3-Year Financial Outlook (FY 2020 – 2022)

- Continued Strong Organic Growth
- Operating Leverage | Margin Expansion
- Strong Cash Flow Generation & CFROI
- Smart Capital Allocation – Balanced Approach

	3-Year Annual Financial Targets
Revenue	4 – 6% Organic Growth Total Growth Enhanced By Acquisitions
Financial Performance	50+ Bps Annual OM Rate Improvement* 7-9% EPS Growth 10 – 12% W/Acquisitions Achieve 10+ WCT (W/O Acquisitions) FCF ~ 100% Of Net Income CFROI 12% – 15%
Dividend	Continued Growth
Credit Rating	Strong Investment Grade

Approximately \$3.00 EPS Accretion Over The Next Three Years

Why Invest In Stanley Black & Decker?



Powered By



Vision

Known For Innovation

Continued Top Quartile Performance

Social Responsibility



StanleyBlack&Decker

THANK YOU